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CENTRAL INTELLIGENCE BULLETIN

C U R R E N T I N T E L L I G E N C E
R E L A T I N G T O N A T I O N A L S E C U R I T Y



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Approved For Release 2003/02/27 : CIA-RDP79T00975A008100100001-0

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7 January 1965

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Indonesia: A major cabinet reshuffle appears to be imminent which will oust or downgrade the leading moderates in the government and strengthen the Communists.

During the past two weeks, the Communists have mounted a broad attack on moderate elements which participated in or supported the recently banned anti-Communist "Sukarnoist" movement. Third Deputy Prime Minister Saleh, Minister of Trade Malik, Minister of Defense Nasution, and Navy Minister Martadinata presumably are the primary targets and those most likely to be affected by the prospective cabinet changes. Saleh and Malik were the principal leaders of the movement, and Nasution and Martadinata publicly supported it.

Sukarno apparently has come to believe that these individuals are responsible for current economic difficulties and that they have bungled the military confrontation against Malaysia.

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Malik is already reported to have been arrested, and one of Nasution's relatives is said to have been

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picked up several days ago. On 6 January the Murba or Proletarian Party, with which both Saleh and Malik are associated, was "temporarily" banned in order to preserve the "unity of national progressive and revolutionary forces."

Government action against the non-Communist press, which strongly supported "Sukarnoism" also seems likely. First Deputy Prime Minister Subandrio has threatened to close "anarchistic" newspapers and has said the right to publish would be restricted to those papers that were organs of political parties and mass organizations.

Subandrio, who has in effect largely allied himself with the Communist Party, is the chief beneficiary of these developments. Even if the Communists are not given greater representation in the cabinet at this time, the further weakening of their opponents and the strengthening of Subandrio will work strongly to their advantage. At present, two Communist Party members and two pro-Communists hold strategic positions in the government. 25X1

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South Vietnam: [The Huong government and the military have taken a first step toward reconciling their differences]

[At a meeting yesterday, representatives of Premier Huong and General Khanh agreed to begin drafting a joint communiqué to the effect that full authority rests with the civil government.]

[The communiqué would also include a military pledge of support for the civil government and for holding elections for a national assembly. The issue of re-establishing the deposed High National Council would apparently be avoided, but council members currently detained by the military would be released unconditionally to the civil authorities. The Armed Forces Council would also return to its function of advising the commander in chief.]

[The US Embassy, while hopeful that progress toward a settlement can continue, warns that new difficulties may arise as the principals settle down to actual drafting]

[General Ky, the air force chief and one of the more aggressive of the "young Turks," reports that he has been named head of a military liaison committee which Khanh established on 29 December. The stated purpose of this committee is to rally support for the government. Ky has reportedly already met with Buddhist, Catholic, and student leaders]

[The formation of the committee is probably the basis for Premier Huong's earlier allegations that Khanh was trying to set up a control organ over the government. Although Ky denies that this is its purpose, creation of the committee at the least underscores

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the military's continuing belief that it has the right to interject itself into Vietnamese politics to the extent it feels necessary to maintain stability and national unity. Ky has stated that his committee would arrest any elements that promoted political instability.]

Insert —

Buddhist leader Tri Quang is indicating that he may adopt more militant tactics, and that his target will be broadened to include Chief of State Suu as well as Huong. Tri Quang recently told an embassy officer that he would again encourage suicides, if that were necessary to force revocation of a decree signed by Suu last month which recognizes a rival Buddhist organization.

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Insert

South Vietnam: The Huong government and the military appear to be moving toward a reconciliation.

The formula for agreement as it is now shaping up includes release of arrested members of the High National Council, an assertion of the civil government's authority and recognition thereof by the military, and provision for the early election of a national assembly to replace the defunct High National Council.

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France: [The anticipated step-up in France's conversion of its dollar holdings into gold arises from complex economic and financial considerations and also reflects De Gaulle's growing hostility to "US economic hegemony.]

[The amount of gold that the French intend to withdraw from the US in 1965 is not yet clear, but current commentary in Paris indicates that a block of about \$200 million may be withdrawn in the next few weeks, and additional amounts in regular monthly installments throughout the year]

[The French cite such financial considerations as their need to maintain a certain proportion of their reserves in gold and the wisdom of hedging against possible devaluation of the dollar under conditions of continuing US balance-of-payments strain]

[For over a year, France has been pressing for an international currency unit which would replace the dollar as a key foreign exchange medium. The French may hope that their conversion plans, following close upon the recent sterling crisis, will promote action on Paris' September proposals for a new system of currency reserves]

[French suggestions for currency reform are part of a series of gestures calculated to demonstrate France's interest in lessening US economic prestige and influence in Europe. De Gaulle has been increasingly critical of US direct investment in Europe and he has reportedly advised Ambassador Alphand that economic differences will be a major issue in US-French relations in 1965]

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De Gaulle's emphasis in his 31 December address on France's independence and its need to become itself again "in the spheres of politics, economics, currency and defense," may presage further moves aimed at directing Europe's attention to what France considers the adverse political and economic effects of America's present role in Western Europe

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CAMPO FLORIDO SANTA CRUZ DEL NORTE
HAVANA

ISLE OF PINES

SIGUANEA

BANES

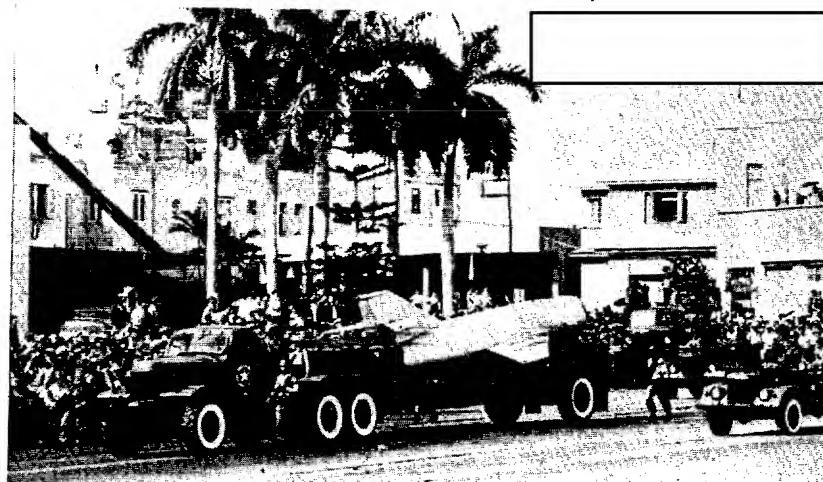
Guantánamo
U.S.
Naval Base

C U B A

- Costal Defense Cruise Missile Site
- ▲ Cruise Missile Storage Area

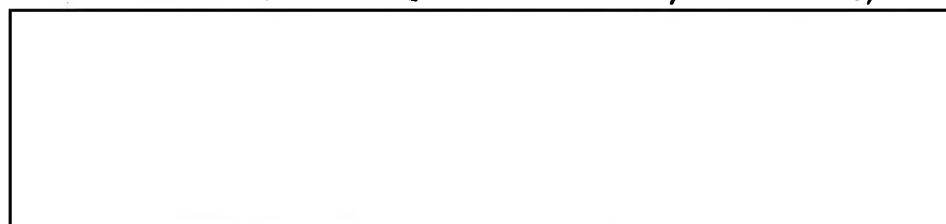
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NAUTICAL MILES

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Coastal defense version of KENNEL cruise missile, January 1963.
(Photo of ground-to-ground version not yet available.)



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Cuba: Some of Cuba's cruise missiles are apparently intended for use against ground targets rather than ships at sea.

In the 2 January anniversary parade in Havana, the Cubans showed three cruise missiles of the KENNEL type in a variation not previously seen in Cuba. Identified by the parade announcer as new "land-to-land missiles," they were

streamlined cruise missiles with more bulbous noses and larger appendages on top of the tail sections than appeared on the coastal defense KENNEL missiles seen in the same parade.

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Nearly 150 KENNELs were delivered to Cuba during the Soviet military build-up in 1962, but only four coastal defense cruise missile sites--with about 10 missiles at each site--were set up. Of the remaining KENNEL missiles, some 60 are stored at two installations about 40 nautical miles from Guantanamo. Many of these may be of the ground-to-ground type.

The coastal defense version of the KENNEL has a range of 25 to 35 miles. The range of the ground-to-ground version is not known, but is probably not significantly greater.

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NOTES

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France -Congo: France refuses to help in any way in the recruitment of mercenaries for the Congo, either Africans or Europeans, and will limit French activity there to technical aid. Foreign Minister Couve de Murville told Under Secretary Harriman on 5 January that "outside intervention" in the Congo was inadvisable, and called US military aid to Leopoldville a "mistake."

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